

U.S. corporate earnings continue to surprise to the upside

Snapshot



Corporate Bonds
Copper



World Equities
Sovereign Bonds
Gold
Oil

Week Ahead

13
FEB

Eurozone Industrial
Production
U.S. Consumer
Price Index (CPI)

14
FEB

Eurozone GDP
Flash
U.S. Jobless
Claims & PPI

15
FEB

U.K. Retail Sales
U.S. Industrial
Production

The recovery in U.S. equities this year remains on track with the markets finishing the week 0.1% higher. Corporate earnings supported the advance. Almost two-thirds of companies have now reported earnings with 71% beating analyst estimates. Volatility, as measured by the VIX index, has also eased. The strong start to January bodes well for the remainder of the year. In 64% of years since 1944, the market has posted a January gain, with 92% of these occasions posting a full year gain. More importantly, though, market strength is supported by solid economic fundamentals in the U.S. The economic data emerging from Europe is not as comforting, however. The European Union reduced its 2019 growth forecasts for the broader region from 1.9% to 1.3%. In Germany, industrial production declined for the fourth month in succession, while manufacturing orders declined 1.6% during the same period.

	1 Week Return 01.02.19 to 08.02.19		Year to Date Return 31.12.18 to 08.02.19	
	Local Currency	Euro	Local Currency	Euro
World	-0.4%	0.8%	7.3%	8.2%
U.S.	0.1%	1.3%	8.3%	9.7%
Europe	-0.8%	-0.8%	5.4%	5.4%
Ireland	0.3%	0.3%	6.8%	6.8%
U.K.	0.7%	0.9%	5.0%	7.9%
Japan	-1.8%	-0.9%	3.1%	4.5%
Hong Kong	1.4%	2.6%	9.3%	10.4%
Corporate Bonds	0.4%	0.4%	1.7%	1.7%
Sovereign Bonds	-0.2%	-0.2%	1.0%	1.0%

Equities

- The MSCI World Index declined 0.4% in local currency terms. Europe and Japan weighed but the U.S. did advance 0.1%.
- Utilities shares performed strongest in the U.S. followed by Industrials and Information Technology.

Fixed Income & FX

- The U.S. 10-year yield fell to 2.63% while the German equivalent yield slumped to 0.09% on economic growth concerns.
- The Euro weakened against the U.S. dollar and GBP pound, declining to 1.132 and 0.874 respectively.

Commodities

- Plans for OPEC cutbacks remain on track but a stronger dollar put pressure on oil prices, which declined to \$52.72.
- Gold declined to \$1,315 per troy ounce but despite Chinese growth concerns, Copper advanced to \$6,191.

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